

Mr Kevin Stevenson
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Australian Accounting Standards Board
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By Email: standard@asb.gov.au

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Dear Kevin

**EXPOSURE DRAFT TIER 2 SUPPLEMENT TO ED 201 INSURANCE
CONTRACTS**

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Australian Accounting Standards Board (AASB) with its comments on ED Tier 2 Supplement to ED 201 Insurance Contracts (the ED).

Grant Thornton's response reflects our position as auditors and business advisers to the Australian business community. We work with listed and privately held companies, government, industry, and not-for-profit organisations (NFPs). This submission has benefited with input from our clients, Grant Thornton International, and discussions with key constituents.

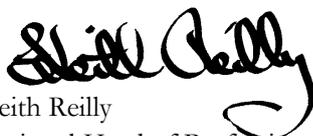
We generally support the view of the AASB that most insurance entities would be publicly accountable as outlined in the IFRS for SMEs Basis for Conclusions (BC 56) which stated that "...An entity has public accountability (and therefore should use full IFRSs) if:
(b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies...".

However we also recognize that, as detailed in the ED, some particularly small or specialized insurance entities such as captive insurers, do not currently prepare general purpose financial reports. On that basis Grant Thornton believes that the AASB should allow the IFRS for SMEs accounting standard as an option for such non-publicly accountable entities. Adoption of IFRS recognition and measurement principles and increased disclosures compared to IFRS for SMEs, does add significant complexity and costs that would not be borne by similar structured overseas entities.

If you require any further information or comment, please contact me.

Yours sincerely

GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly
National Head of Professional Standards